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SUBJECT: BERDIMUHAMEDOV TO HONEYWELL CEO: WE WANT CLOSER TIES WITH THE U.S.

Classified By: Deputy Chief of Mission Sylvia Reed Curran  
Reasons 1.4 (b) and (d)

¶1. (C) On April 22, Honeywell Director for Government Relations, Europe, Middle East and Africa Daniela Pandrea discussed Honeywell's business plans for Turkmenistan with DCM and poloff. She described the circumstances that led to Honeywell's CEO meeting with President Berdimuhamedov on March 9. A Belgian company, ENEX Process Engineering ("ENEX"), has purchased Honeywell technology for use in projects in Turkmenistan. At an earlier meeting between ENEX CEO Koen Minne and Honeywell's CEO, Minne, who is also Turkmenistan's honorary consul in Belgium, told the Honeywell executive about Turkmenistan and urged a visit. Pandrea said Minne is reportedly a "good friend" of President Berdimuhamedov. The Honeywell CEO's visit to Turkmenistan took place without him knowing in advance that it would include a meeting with Berdimuhamedov. According to Pandrea, during the presidential meeting, Berdimuhamedov said he wanted closer relations with the U.S. and hoped Honeywell could assist with this. It was also suggested by Turkmen officials during their meetings that, in improving relations with the United States, they would not want to upset Russia, on which they rely for gas sales, said Pandrea. She mentioned that other officials, not Berdimuhamedov, had suggested that the Turkmen would give serious consideration to a U.S. request for more support for activities in Afghanistan.

¶2. (C) Since the presidential meeting, Honeywell conducted a survey of a Turkmen oil refinery with an eye toward working on chemical and oil and gas projects. Earlier this month, Honeywell, together with ENEX, held a seminar for Turkmen officials on Honeywell's automation product offerings, particularly as they relate to oil and gas refining processes. Concerning possible business opportunities in Turkmenistan, Pandrea emphasized that Honeywell "is not close to doing a project in Turkmenistan." For now, Pandrea said Honeywell's current interest is to sell Honeywell products to Turkmenistan. It might develop a closer partnership with ENEX as a step in that direction. Honeywell has sent three executives and an interpreter to attend the April 23-24 Energy Security Conference in Ashgabat. A Honeywell executive will make a presentation at the event, with his

time slot wedged between representatives from Syria and Iraq.

Pandrea said the Turkmen had pushed to have Honeywell's CEO attend the conference, but other commitments made that impossible. Nonetheless, since Berdimuhamedov is "insisting" that the Honeywell CEO return, Pandrea said her boss would make another visit, if only as a "courtesy call," to Turkmenistan. The company also plans to hold another seminar in coming months to present its non-automation lines of business.

¶3. (C) According to Pandrea, the Turkmen Government would like Honeywell to come and do things right away, but Honeywell "has to think about it." The firm needs to assess political risk as well as the business aspects of an investment. Her biggest concern was not political instability in Turkmenistan per se, but "the changing moods" of leaders in power in former Soviet Union countries. She cited Ford Motors' experience in Belarus, where Ford invested with the encouragement of Belarus' president, who then changed his mind and nationalized the plant. Corruption was also a concern. She wondered whether the risk of corruption would grow as investment increased.

¶4. (C) COMMENT: When local press reported the Honeywell CEO's meeting with Berdimuhamedov, it came as a complete surprise, especially given the difficulty that some U.S. firms have encountered in trying to arrange meetings with the president.

Pandrea's account of how the meeting came about puts it squarely within the context of the Turkmen modus operandi for doing business, elements of which include a close friend of the president arranging the meeting and ENEX's role as an

intermediary in introducing Honeywell's products in Turkmenistan. The reported remarks by Berdimuhamedov about closer ties to the United States are intriguing, but it is not clear whether he was referring primarily to commercial ties or closer relations in general. The Turkmenistan Government seems keen to have Honeywell invest in the country quickly. However, it looks like Honeywell will be cautious and methodical in developing its business strategy, an interesting turning of the tables since the Turkmen are usually the ones slow to commit to new ventures. END COMMENT.

MILES